Exhibit 18

IMPORTANT

If you are in any doubt about this prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

IRICO

彩虹集團電子股份有限公司

IRICO Group Electronics Company Limited*

(A joint stock company incorporated in the People's Republic of China with limited liability)

Global Offering

Number of Offer Shares	:	**485,294,000 H Shares (subject to the Over-allotment Option)**
Number of Public Offer Shares	:	**48,530,000 H Shares (subject to adjustment)**
Number of Placing Shares	:	**436,764,000 H Shares (subject to adjustment and the Over-allotment Option)**
Offer Price	:	**not more than HK$1.73 per H Share (payable in full in Hong Kong dollars on application, plus 1% brokerage, a SFC transaction levy of 0.005%, an investor compensation levy of 0.002% and the Stock Exchange trading fee of 0.005% and subject to refund)**
Nominal Value	:	**RMB1.00 for each H Share**
Stock Code	:	**438**

Global Coordinator, Bookrunner, Lead Manager and Sponsor

CICC

China International Capital Corporation (Hong Kong) Limited

The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents delivered to the Registrar of Companies and available for inspection" in Appendix IX to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

We are incorporated, and our businesses are located in the PRC. Potential investors should be aware of the differences in the legal, economic and financial systems between the PRC and Hong Kong and that there are different risk factors relating to investment in companies incorporated in the PRC. Potential investors should also be aware that the regulatory framework in the PRC is different from that in Hong Kong, and should take into consideration the different nature of the market for our H Shares. Such differences and risk factors are outlined in the section headed "Risk Factors" and Appendix VI to this prospectus.

The Offer Price is expected to be determined by agreement among the Selling Shareholder, the Company and the Global Coordinator (on behalf of the Underwriters) on or around Monday, 13 December 2004 or such later date as may be agreed among the Selling Shareholder, the Company and the Global Coordinator but in any event no later than Thursday, 16 December 2004, otherwise the Global Offering will lapse.

The Offer Price will be not more than HK$1.73 per H Share and is expected to be not less than HK$1.51 per H Share unless otherwise announced. Investors applying for the Public Offer Shares must pay, on application, the maximum offer price of HK$1.73 for each H Share together with a brokerage of 1%, a SFC transaction levy of 0.005%, an investor compensation levy of 0.002% and the Stock Exchange trading fee of 0.005%. The Global Coordinator (on behalf of the Underwriters, and with the consent of the Selling Shareholder and the Company) may reduce the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, a notice of the reduction of the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Public Offer. If applications for Public Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Public Offer, then even if the Offer Price is so reduced, such applications cannot subsequently be withdrawn.

The obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Public Offer Shares, are subject to termination by the Global Coordinator (on behalf of the Public Offer Underwriters) if certain events arise prior to 7:00 a.m. on the day that trading in the Offer Shares commences on the Stock Exchange. Such events are set out in the section headed "Underwriting" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the US Securities Act and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of US persons, except that Offer Shares may be offered, sold or delivered to QIBs in reliance on an exemption from registration under the US Securities Act provided by, and in accordance with the restrictions of, Rule 144A or outside the United States to non-US persons in offshore transactions in reliance on Regulation S.

* *For identification purposes only*

8 December 2004

2004[(1)]

Application lists open[(2)]	11:45 a.m. on Monday, 13 December
Latest time for the following:	
• Lodging **WHITE** and **YELLOW** application forms	12:00 noon on Monday, 13 December
• Giving electronic application instructions to HKSCC[(3)]	12:00 noon on Monday, 13 December
Application lists close	12:00 noon on Monday, 13 December
Expected Price Determination Date	Monday, 13 December
Announcement of the Offer Price, the indication of level of interest in the Placing and the results of applications in the Public Offer and the basis of allotment of the Public Offer Shares (together with the identification numbers of successful applicants (if applicable)) to be published in the South China Morning Post and in the Hong Kong Economic Times	on or before Friday, 17 December
Despatch of H Share certificates and refund cheques[(4)(5)]	on or before Friday, 17 December
Dealings in the H Shares on the Stock Exchange expected to commence on	Monday, 20 December

Notes:

(1) All times refer to Hong Kong local time unless otherwise stated. Details of the structure of the Global Offering are set out in the section headed "Structure of the Global Offering" in this prospectus.

(2) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 13 December 2004, the application lists will not open and close on that day. Further information is set out in the section headed "How to apply for the Public Offer Shares — Effect of bad weather conditions on the opening of the application lists" in this prospectus.

(3) Applicants who apply by giving electronic application instructions to HKSCC should refer to the section headed "How to Apply for the Public Offer Shares — How to apply by giving electronic application instructions to HKSCC via CCASS" in this prospectus.

(4) Applicants who apply for 1,000,000 Public Offer Shares or more and have indicated on their Application Forms that they wish to collect their H Share certificates (if applicable) and refund cheques (if applicable) in person may do so from the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong. Applicants being individuals who opt for personal collection must not authorize any other person to make their collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorized representatives bearing letters of authorization from their corporations stamped with the corporations' respective company chops. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Company's H Share registrar. Uncollected H Share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post at the applicants' own risk to the addresses specified in the Application Forms. Further details are set out in the section headed "Terms and Conditions of The Public Offer — If your application for the Public Offer Shares is successful (in whole or in part)" in this prospectus. Part of your Hong Kong Identity Card number/passport number, or, if you are joint applicants, part of the Hong Kong Identity Card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to

a third party for refund purpose. Your banker may require verification of your Hong Kong Identity Card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong Identity Card number/passport number may lead to delay in encashment of or may invalidate your refund cheque.

(5) Refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications in the event that the Offer Price is less than the initial price per H Share payable on application.

H Share certificates will only become valid certificates of title provided that the Global Offering has become unconditional and not having been terminated in accordance with the terms of the respective Underwriting Agreements (which is expected to be at around 7:00 a.m. on 20 December 2004). Investors shall have to bear all the risks respectively of dealing in the Shares pursuant to the allotment information before the receipt of the H Share certificates or before the certificates have become valid certificates of title.

CONTENTS

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision.

We have not authorized any person to provide you with information that is different from what is contained in this prospectus.

Any information or representation not included in this prospectus must not be relied on by you as having been authorized by us, the Selling Shareholder, the Global Coordinator, the Sponsor, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering.

CONTENTS

This summary is intended to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all of the information that may be important to you. You should read the entire prospectus before you decide to invest in the H Shares.

There are risks associated with any investment. Some of the particular risks in investing in the H Shares are summarized in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the H Shares.

OVERVIEW

We are the largest CPT manufacturer in China and one of the world's major CPT and CPT component manufacturers. We also have the longest operating history among all Chinese CPT manufacturers, with over 20 years of experience in CPT production. In 2003, we were selected as one of the top hundred electronics companies in the world by Denpa Shinbun, an electronics industry trade newspaper published in Japan.

The CPT is the core component of a CRT television set, accounting for about 50% of the aggregate cost of all of the components of a CRT television set. We manufacture small, medium and large sized CPTs 14" to 29" in size and a majority of CPT components, including glass bulbs, electron guns, deflection yokes, shadow masks and their frames as well as phosphor and frit.

For the three years ended 31 December 2001, 2002 and 2003 and for the six months ended 30 June 2004, our sales were approximately RMB3,293,021,000, RMB3,999,378,000, RMB4,269,781,000 and RMB2,418,755,000, respectively. For the same periods, our profits attributable to shareholders were approximately RMB74,311,000, RMB277,103,000, RMB315,825,000 and RMB183,681,000, respectively. From 2001 to 2003, our compound annual growth rates for our sales and our profits attributable to shareholders were 13.86% and 106.16%, respectively. Our aggregate sales volume for CPTs was approximately 11.1 million for 2003 and approximately 6.5 million for the six months ended 30 June 2004.

Our CPT production lines and most of our CPT component production lines are located in Xianyang, Shaanxi Province. We were ranked first among vacuum electronic appliances enterprises in the China Electronics Industry Yearbook 2003 in categories including production and sales volume, total output, sales revenues and export revenues for that year. We were ranked 22nd among the Top Hundred Electronics and Information Technology Enterprises in terms of sales revenues in 2003 by the Ministry of Information Industry of the PRC.

COMPETITIVE STRENGTHS

We believe that we have the following competitive strengths:

— Leading position in the CPT industry in China;

— Cost advantages based on mass production and vertical integration;

— Experienced management team with in-depth industry knowledge;

— Large pool of technical talent;

— Long and stable customer relationships; and

— Superior product quality and comprehensive customer service.

BUSINESS STRATEGIES

Our goal is to maintain our leading position in the CPT industry in China. At the same time, we will make active efforts to develop new display devices with an aim to becoming a leading display devices and components provider in the world. Our key strategies are as follows:

— Strengthen our CPT operations and optimize our product mix;

— Strengthen our production capacity in key CPT components, enhance our cost advantage and explore new and profitable lines of business;

— Actively pursue the research and development of new display devices with a view to commencing mass production as soon as practicable; and

— Strengthen our cost control system and continue to improve the quality of our products.

USE OF NET PROCEEDS

The Directors intend to use the net proceeds from the Global Offering to implement our future plans. Assuming that the Over-allotment Option is not exercised, and based on the Offer Price of HK$1.62 per H Share, which is the mid-point of the estimated range of the Offer Price, the net proceeds from the Global Offering, after deduction of the underwriting commissions and estimated expenses payable by us, are estimated to be approximately HK$651 million. The Directors currently plan to use such net proceeds as follows:

1. approximately RMB166 million (equivalent to approximately HK$157 million) is expected to be applied as part of the total investment of approximately RMB650 million (equivalent to approximately HK$613 million) for the construction of the K Line, and another RMB166 million (equivalent to approximately HK$157 million) will be applied to refund to the Group Corporation the same amount previously drawn on current account of the Group Corporation to fund part of our capital contribution towards K-Line Company, which will also be applied as part of the total investment in the K Line;

2. approximately RMB172 million (equivalent to approximately HK$162 million) is expected to be used to fund part of the total capital expenditures for the construction of production lines for key CPT components, including shadow masks, electron guns, large metal components and frames;

3. approximately RMB100 million (equivalent to approximately HK$94 million) is expected to be applied to the research and development of CPTs, CPT components and new display devices, as part of our planned expenditures under our research and development plans set forth in the section headed "Business — Research and Development Plans" in this prospectus;

4. approximately RMB80 million (equivalent to approximately HK$75 million) is expected to be used to fund part of the working capital requirements of our new projects, including (1) approximately RMB60 million (equivalent to approximately HK$57 million) for the construction of the H Line and (2) approximately RMB20 million (equivalent to approximately HK$18 million) for the construction of two production lines for glass panels that are used in the manufacture of 21" and 25" CPTs; and

5. the remaining amount will be used as general working capital.

In the event that any of our future plans does not materialize or proceed as planned, the Directors will carefully evaluate the situation and may re-allocate the intended funding to our other future plans and/or new projects and/or to hold such funds as short-term deposits for so long as the Directors consider it to be in our best interests. Should the Directors re-allocate the intended funding to our other future plans and/or to our new projects, we will comply with the appropriate requirements of the Listing Rules.

In the event that the Over-allotment Option is exercised in full, assuming that the Offer Price is at the mid-point of the estimated range of the Offer Price, we expect to use the additional net proceeds of approximately HK$103 million (equivalent to approximately RMB109 million) as follows:

1. approximately RMB80 million (equivalent to approximately HK$75 million) is expected to be used to fund part of the working capital requirements of our new projects, including (1) approximately RMB50 million (equivalent to approximately HK$47 million) for the construction of the H line and (2) approximately RMB30 million (equivalent to approximately HK$28 million) for the construction of two production lines for glass panels that are used in the manufacture of 21" and 25" CPTs; and

2. approximately RMB29 million (equivalent to approximately HK$27 million) is expected to be used as general working capital.

To the extent that the net proceeds from the Global Offering are not immediately required, the Directors intend that the unused portion of such proceeds be placed in short-term deposits with licensed banks or financial institutions or used to purchase money market instruments.

The net proceeds from the sale of H Shares by the Selling Shareholder in the Global Offering after deducting underwriting commissions and related expenses payable by the Selling Shareholder are estimated to be about HK$65 million or about HK$75 million if the Over-allotment Option is exercised in full (assuming that the Offer Price is determined at the mid-point of the estimated range). In accordance with relevant PRC regulations, the Selling Shareholder will be required to contribute the net proceeds it receives from the Global Offering to the PRC National Social Security Fund. Neither the Company nor the Selling Shareholder will retain any of the proceeds from the sale of H Shares by the Selling Shareholder.

TRADING RECORD

The following is a summary of our historical combined results for the Track Record Period extracted from the Accountants' Report set out in Appendix I to this prospectus. The results have been prepared on the same basis of presentation as set out in the above mentioned Accountants' Report.

	For the year ended 31 December			For the six months ended 30 June	
	2001	2002	2003	2003	2004
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Turnover[Note]	3,293,021	3,999,378	4,269,781	1,943,478	2,418,755
Costs of sales	(2,697,243)	(3,079,581)	(3,256,959)	(1,457,192)	(1,859,795)
Gross profit	595,778	919,797	1,012,822	486,286	558,960
Other revenues	58,539	59,998	61,258	26,333	22,712
Other income	2,871	3,434	9,970	4,937	7,952
Distribution expenses	(85,030)	(102,130)	(103,405)	(46,561)	(50,848)
Administrative expenses	(190,480)	(219,788)	(227,275)	(96,245)	(108,919)
Other operating expenses	(123,431)	(69,524)	(73,604)	(27,355)	(40,800)
Operating profit	258,247	591,787	679,766	347,395	389,057
Finance costs	(103,737)	(78,853)	(56,588)	(28,945)	(28,481)
Share of results of associated companies	(1,642)	(2,011)	(62)	(131)	(110)
Profit before taxation	152,868	510,923	623,116	318,319	360,466
Taxation	(37,292)	(129,891)	(173,936)	(83,982)	(97,955)
Profit after taxation	115,576	381,032	449,180	234,337	262,511
Minority interests	(41,265)	(103,929)	(133,355)	(74,821)	(78,830)
Profit for the year/period	74,311	277,103	315,825	159,516	183,681
Dividends	64,826	87,614	146,084	—	165,809

Note:

Turnover represents gross revenues from sales of CPTs and CPT components.

An analysis of the turnover is set out below:

	Years ended 31 December			Six months ended 30 June	
	2001	**2002**	**2003**	**2003**	**2004**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Turnover					
Sales of CPT	3,152,040	3,723,889	3,888,156	1,780,541	2,202,497
Sales of CPT components	140,981	275,489	381,625	162,937	216,258
Total	3,293,021	3,999,378	4,269,781	1,943,478	2,418,755

For additional information regarding the track record of the Company, see the section headed "Financial Information" and Appendix I to this prospectus.

LIQUIDITY

Our principal sources of liquidity have been, and are expected to be, cash flow from operations, bank borrowings and, following completion of the Global Offering, the net proceeds from the Global Offering. Our principal uses of cash have been, and are expected to be, cost of sales, operating expenses, bank loan repayments and the construction of production lines. For detailed discussions of our liquidity and capital resources, see the section headed "Financial Information — Liquidity and Capital Resources" in this prospectus.

FORECAST FOR THE YEAR ENDING 31 DECEMBER 2004

Forecast consolidated profit after tax and minority interests
but before extraordinary items *(notes 1 and 2)* . . . . not less than RMB365,668,000
(approximately HK$344,969,811)

Forecast earnings per Share
— weighted average *(note 3)* RMB0.24
(about HK$0.23)

— pro forma *(note 4)* RMB0.19
(about HK$0.18)

Notes:

1. The bases and assumptions on which the above profit forecast for the year ending 31 December 2004 has been prepared are summarized in Appendix III to this prospectus.

2. The forecast of the Company's consolidated profit after tax and minority interests but before extraordinary items for the year ending 31 December 2004 prepared by the Directors is based on the Company's audited combined results for the six months ended 30 June 2004, unaudited combined results from the Company's management accounts for the month ended 31 July 2004 and a forecast of the consolidated results of the Company for the remaining five months ending 31 December 2004. The Directors are not aware of any extraordinary items which have arisen or are likely to arise during the year ending 31 December 2004. The above profit forecast has taken into account a downward adjustment of RMB18.8 million in connection with a provision we have made for our accounts receivable and inventory consigned with respect to Skyworth. We have made such a provision as a cautionary measure in view of recent news media reports regarding actions taken by the Independent Commission Against Corruption of Hong Kong relating to certain members of the management of Skyworth Digital Holdings Limited, the

parent company of Skyworth. (Please see the section headed "Business — major customers" in this prospectus for further details of our relationship with this major customer. The forecast has been prepared on the basis of the accounting policies consistent in all material aspects with those currently adopted by the Company as summarized in the Accountants' Report, which is set out in Appendix I to this prospectus.

3. The calculation of forecast earnings per Share on a weighted average basis is based on the forecast consolidated profit after tax and minority interests but before extraordinary items of the Company for the year ending 31 December 2004 and a weighted average number of 1,514,464,721 Shares expected to be in issue during the entire year which assumes 1,500,000,000 Shares were issued to the Group Corporation as at 1 January 2004 and the Offer Shares (less the sales of H Shares by the Group Corporation) are issued since 20 December 2004. It does not take into account any H Shares which may be issued upon the exercise of the Over-allotment Option.

4. The calculation of the pro forma forecast earnings per Share is based on the forecast consolidated profit after tax and minority interests but before extraordinary items of the Company for the year ending 31 December 2004 and a total of 1,941,174,000 Shares (comprising 1,455,880,000 Domestic Shares and 485,294,000 H Shares) in issue during the entire year. The calculation of the forecast earnings per Share takes no account of any H Shares which may be issued upon the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the number of Shares in issue would become 2,007,340,000 Shares (comprising 1,449,266,000 Domestic Shares and 558,074,000 H Shares), and the forecast earnings per Share on the fully diluted basis mentioned above would be RMB0.18 (about HK$0.17).

SHARE OFFER STATISTICS

	Based on an Offer Price of HK$1.51 per H Share	Based on an Offer Price of HK$1.73 per H Share
Market capitalization of the H Shares *(note 1)*	HK$733 million	HK$840 million
Forecast price/earnings multiple		
— weighted average *(note 2)*	6.6 times	7.5 times
— pro forma *(note 3)*	8.4 times	9.6 times
Adjusted net tangible asset value per Share *(note 4)*	HK$1.25	HK$1.29

Notes:

1. The calculation of the market capitalization of the H Shares is based on 485,294,000 H Shares in issue immediately after completion of the Global Offering but does not take into account any H Shares which may be issued upon exercise of the Over-allotment Option.

2. The calculation of forecast price/earnings multiple on a weighted average basis is based on the forecast earnings per Share on a weighted average basis for the year ending 31 December 2004 of about RMB0.24 (about HK$0.23) at the respective Offer Price of HK$1.51 and HK$1.73 per H Share, and based on the assumption set out in note 1 above.

3. The calculation of forecast price/earnings multiple on a fully diluted basis is based on the pro forma forecast earnings per Share of RMB0.19 (about HK$0.18) at the respective Offer Price of HK$1.51 and HK$1.73 per H Share assuming that the Over-allotment Option is not exercised and the 485,294,000 Shares (comprising 44,120,000 Domestic Shares and 441,174,000 H Shares) were in issue since 1 January 2004.

4. The adjusted net tangible asset value per Share has been arrived at after the adjustments referred to in the section headed "Financial Information — Unaudited Pro Forma Adjusted Net Tangible Assets" in this prospectus and on the basis of a total of 485,294,000 Shares (comprising 44,120,000 Domestic Shares and 441,174,000 H Shares) in issue at the respective Offer Price of HK$1.51 and HK$1.73 per H Share immediately following completion of the Global Offering but without taking into account any H Shares which may be issued upon the exercise of the Over-allotment Option.

If the Over-allotment Option is exercised in full, based on the estimated range of the Offer Price of between HK$1.51 and HK$1.73 per H Share, the adjusted net tangible assets of the Company will range from approximately RMB1.33 (approximately HK$1.25) to approximately RMB1.39 (approximately HK$1.31) per H Share, while the earnings per Share on a weighted average and on a fully diluted basis will be diluted correspondingly to approximately RMB0.24 (approximately HK$0.23) per H Share and approximately RMB0.18 (approximately HK$0.17) per H Share. However, the Directors believe that this will not materially affect the shareholders of the Company.

RISK FACTORS

Our operations involve certain risks, a summary of which is set out in the section headed "Risk Factors" in this prospectus. These risks can be classified as follows:

Risks relating to the Company

- There is no assurance that we will be able to maintain our competitive edge in the research and development of new products. As a result, our business development and operating results may be affected.
- The construction of production lines involves certain risks and, as a result, we may not be able to realize our expected production capacity in a timely manner.
- If we fail to adjust our existing product mix in a timely manner in light of changes in market demand, our operations and profitability may be adversely affected.
- Absence of land use right certificate and property title certificate in connection with a factory used for our operations may have an adverse effect on our production and operations.
- Our operations may be adversely affected if the landlord of a property leased by us could not establish vested legal title to the property.
- We use leased land and buildings to conduct a substantial part of our operations.
- Our operations depend on stability of our core personnel; if we lose the services of or fail to retain any of our core team members or to recruit well-qualified and experienced new team members, our normal business operations may be adversely affected.
- Our intellectual property rights may be infringed upon and we may also become a party to litigation as a result of alleged infringement of other parties' intellectual property rights, either of which will adversely affect our business.
- Preferential tax treatments enjoyed by us will expire and may be reduced or revoked.
- We may be subject to unexpected risks relating to our PDP project.
- Our sales rely on major customers in the PRC, and any substantial decrease in sales to any of them could adversely affect our operating results.
- If we fail to strengthen and expand our business in overseas markets, our overall operating results could be adversely affected.

- Customers in our overseas markets may need some time to familiarize themselves with our newly established import and export department. In the short term, this could affect the normal operation of our overseas business.

- Our procurement of certain raw materials and CPT components is dependent upon certain major suppliers; any substantial disruption of supply from any of such suppliers or any substantial change in the terms of such supply may adversely affect our operating results.

- We may be required to invest more capital for environmental protection purposes due to changes in the PRC environmental laws and regulations, thereby increasing our operating cost.

- Increasing competition and market fluctuations may have an adverse impact on our inventory, creditors' and debtors' turnover periods.

- As the interests of A Share Company's minority shareholders may, in certain circumstances, be inconsistent with ours and our shareholders', such minority shareholders may withhold their approvals or the Shanghai Stock Exchange may not grant necessary waivers in respect of certain connected transactions between A Share Company and the Company (or our other subsidiaries) and, as a result, such transactions may not be consummated, which may adversely affect our overall operational efficiency.

- Certain of our production resources are provided by the Group Corporation. If the Group Corporation fails to continue to provide the production resources on the existing terms, our business operations may be adversely affected.

- The interests of the Group Corporation as our controlling shareholder may, in certain circumstances, conflict with those of our other shareholders, and the Group Corporation could cause us to make decisions that may not be in the best interests of our other shareholders.

- We may not be able to obtain external financing in time or on terms acceptable to us.

- We cannot guarantee that the growth of our revenues and/or profits will be sustained.

- Our payment of dividends depends on certain factors; there is no assurance that dividends will be distributed or in any particular form.

- Our historical financial information may not be an accurate indication of our future operating results.

- Our interests in our subsidiaries may be diluted.

- There may be changes to the use of proceeds and we may not be able to carry out our future plans.

- Our insurance coverage may not be sufficient to cover all the risks related to our operations.

Risks relating to the industry

- We face intense competition from domestic and international competitors. If we are unable to maintain or improve our competitiveness, our operating results and profitability may be adversely affected.

- If the demand of the CPT market decreases, our business and profitability may be adversely affected.

- Decrease in the prices of color television sets may have downward adjustment pressure on CPT prices.

- The market potential of new display devices poses a challenge to the traditional CPT industry.

- Any substantial increase in the prices of, or significant shortage in the supply of, raw materials and CPT components will have an adverse effect on the business and operating results of CPT manufacturers.

- Any anti-dumping and/or other protective trade barriers relating to CPTs or CRT television sets may have an adverse effect on the overseas sales of CPT manufacturers in China and, indirectly, on their CPT sales to Chinese CRT television set manufacturers that export their products.

Risks relating to China

- The PRC's economic, political and social conditions, as well as government policies, could affect our business.

- Any economic slowdown in China may have a material adverse effect on our financial condition and operating results, as well as our future prospects.

- Government control of currency conversion may adversely affect our financial condition and operating results.

- Fluctuation of the Renminbi exchange rates and the movement of the interest rates of domestic banks towards meeting market conditions could adversely affect our operating results.

- Tax benefits may be discontinued due to China's accession to the WTO.

- Interpretation of PRC laws and regulation embodies uncertainties that may impair our business and operating results.

Risks relating to H Shares and to the Reorganization

- Holders of our H shares may not be able to successfully enforce their shareholders' rights in China under the Company Law of the PRC or Hong Kong regulatory provisions.

- There can be no assurance of an active trading market for H Shares, and the Offer Price for H Shares may not be indicative of prices that will prevail in the trading market.

- Existing shareholders' interests in the Company may be diluted as a result of future equity fund raising.

- Holders of H Shares may be subject to PRC taxation.

- As a newly established independent entity, our management has no prior experience in operating an independent company listed on the Stock Exchange, which may have an adverse effect on our operations.

Other Risks

- Any possible outbreak of severe acute respiratory syndrome or any other serious epidemic in China may have a material adverse effect on our business operations and operating results.

- Forward-looking statements may not be accurate and investors should not place undue reliance on statements of this kind.

- Certain information prepared on the basis of unaudited data and assumptions embodies uncertainties and investors should not place undue reliance on them.

- Certain statistics derived from official publications, PRC government agencies and various publicly available industry related sources may not be true and accurate and investors should not place undue reliance on them.

- Changes to Hong Kong accounting standards may result in changes in the future as to how our results and financial position are prepared and presented.

In this prospectus, unless the context otherwise requires, the following terms shall have the following meanings:

"A Share Company"	IRICO Display Devices Co., Ltd. (彩虹顯示器件股份有限公司), a joint stock company established in the PRC on 29 July 1992 and listed on the Shanghai Stock Exchange (Stock Code: 600707). Unless the context otherwise requires, A Share Company shall mean IRICO Display Devices Co., Ltd. and its subsidiaries
"affiliate"	in relation to a company, any entity of, over or in which the company, alone or acting in concert with others, holds at least 30% of the issued share capital or exercises or controls the exercise of at least 30% of the voting power or has the power to elect a majority of the board of directors or otherwise exercises control
"Application Form(s)"	**WHITE** application forms and **YELLOW** application forms, or any one of the application forms as the context requires
"Articles of Association" or "Articles"	the articles of association of the Company, as amended from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Beijing Goldenbridge"	Beijing Goldenbridge Translation Portnetwork Co., Ltd. (北京金橋譯港網絡技術公司), a limited liability company established in the PRC on 17 May 2000
"Board"	the board of Directors
"business day"	any day other than a Saturday, Sunday or public holiday in Hong Kong or the People's Republic of China
"Caihong Yingguang"	Kunshan Caihong Yingguang Electronics Co., Ltd. (昆山彩虹櫻光電子有限公司), a Sino-foreign joint venture established in the PRC on 24 November 1992
"Caizhu Jinshun"	Zhuhai Caizhu Jinshun Electronic Industry Co., Ltd. (珠海市彩珠金順電子實業有限公司), a Sino-foreign joint venture established in the PRC on 16 October 1995
"Caizhu Zhongshan"	Caizhu (Zhongshan) Electronic Glass Plant (彩珠(中山)電子玻璃廠), a state-owned enterprise established in the PRC on 16 November 1992
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Broker Participant"	a person admitted to participate in CCASS as a broker participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant

"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Broker Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CNEC"	China National Electronics Imp. & Exp. Caihong Co. (中國電子進出口彩虹公司), a state-owned enterprise established in the PRC on 21 December 1984. It is a related party of the Company
"Companies Ordinance"	Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company" or "we" or "us"	IRICO Group Electronics Company Limited (彩虹集團電子股份有限公司) (a joint stock company established in the PRC with limited liability on 10 September 2004), including, unless the context otherwise requires, its subsidiaries, and, where the context refers to any time prior to the Effective Date, those entities or businesses which were contributed to, and became part of, the Company pursuant to the Reorganization
"Company Law"	the Company Law of the PRC (中華人民共和國公司法) promulgated by the Standing Committee of the Eighth NPC on 29 December 1993 and which became effective on 1 July 1994, as amended, supplemented or otherwise modified from time to time
"CPT Plant"	IRICO Color Picture Tube Plant (彩虹彩色顯像管總廠), formerly known as Shaanxi Color Picture Tube Plant (陝西彩色顯像管總廠), a state-owned enterprise established in the PRC in August 1978
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the securities market of the PRC
"Director(s)"	the director(s) of the Company
"Domestic Shares"	ordinary shares issued by the Company of RMB1.00 each, which are subscribed for and credited as fully paid in Renminbi
"Effective Date"	31 December 2003, the date when the Reorganization became effective
"Foreign Investment Shares"	ordinary shares issued by the Company of RMB1.00 each, which are subscribed for and credited as fully paid in a currency other than Renminbi
"GDP"	gross domestic product (all references to GDP growth rates are to real as opposed to nominal rates of GDP growth)
"Global Offering"	Placing and Public Offer, collectively

"Group Corporation"	IRICO Group Corporation (彩虹集團公司), formerly known as IRICO Electronics Group Corporation (彩虹電子集團公司), a state-owned enterprise established in the PRC on 5 July 1989, including, unless the context otherwise requires, its subsidiaries apart from the Company
"H Line"	the Company's new production line for the production of 21" CPTs
"H Shares"	Foreign Investment Shares issued by the Company of RMB1.00 each, which shall be listed on the Stock Exchange and subscribed for and traded in Hong Kong dollars
"HK GAAP"	accounting principles generally accepted in Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IRICO Display"	IRICO Display Technology Co., Ltd. (西安彩瑞顯示技術有限公司), a Sino-foreign joint venture established in the PRC on 20 January 2004
"IRICO Kunshan"	Kunshan IRICO Industry Co., Ltd. (昆山彩虹實業有限公司), a state-owned enterprise established in the PRC on 9 January 1990 and converted to a limited liability company on 2 September 2004
"IRICO Parts"	Xianyang IRICO Electronics Parts Co., Ltd. (咸陽彩虹電子配件有限公司), a collectively-owned enterprise established in the PRC in February 1991 and converted to a limited liability company on 18 October 2002
"IRICO Phosphor"	Shaanxi Rainbow Phosphor Material Co., Ltd. (陝西彩虹熒光材料有限公司), a Sino-foreign joint venture established in the PRC on 4 December 1995
"IRICO Shadow Mask"	Xianyang IRICO Electronics Shadow Mask Co., Ltd. (咸陽彩虹電子網版有限公司), a Sino-foreign joint venture established in the PRC on 31 October 2003
"IRICO Zixun"	Xian IRICO Zixun Co., Ltd. (西安彩虹資訊有限公司), a limited liability company established in the PRC on 9 March 2001
"K Line"	the production line to be constructed by K-Line Company for the production of super large screen high definition CPTs
"K-Line Company"	Xianyang IRICO Digital Display Co., Ltd. (咸陽彩虹數碼顯示有限公司), a limited liability company established in the PRC on 30 September 2004
"Latest Practicable Date"	3 December 2004, being the latest practicable date for ascertaining certain information in this prospectus prior to its publication
"Listing"	listing of the H Shares on the Main Board of the Stock Exchange

"Listing Date"	the date, expected to be on or about 20 December 2004, on which the H Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mandatory Provisions"	the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款), for inclusion in the articles of association of companies incorporated in the PRC and to be listed overseas, which were promulgated by the former Securities Commission of the State Council and the former State Economic System Restructuring Commission on 27 August 1994, as amended and supplemented or otherwise modified from time to time
"Ministry of Commerce" or "MOC"	the Ministry of Commerce of the PRC (中國商務部), which in March 2003 assumed the functions of the former Ministry of Foreign Trade and Economic Co-operation of the PRC (中國對外經濟貿易合作部) ("MOFTEC")
"Ministry of Finance" or "MOF"	the Ministry of Finance of the PRC (中國財政部), the ministry responsible for the administration of the PRC government's policies on revenue and expenditure, finance and taxation and regulation of financial institutions
"Ministry of Information Industry" or "MII"	the Ministry of Information Industry of the PRC (中國信息產業部), the ministry responsible for the administration of electronics and information products manufacturing and the telecommunications and software industries
"Nanjing Reide"	Nanjing Reide Phosphor Co., Ltd. (南京瑞德熒光材料有限公司), a Sino-foreign joint venture established in the PRC on 2 August 2002
"NDRC"	the National Development and Reform Commission of the PRC (中國國家發展和改革委員會), the predecessor of which was the State Development and Planning Commission of the PRC (中國國家發展計劃委員會) ("SDPC")
"NPC"	the National People's Congress of the PRC (中國全國人民代表大會)
"NSSFC"	the National Social Security Fund Council of the PRC (全國社會保障基金理事會)
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.005%, investor compensation levy of 0.002% and Stock Exchange trading fee of 0.005%), which is expected to be not more than HK$1.73 and not less than HK$1.51. Such price is to be agreed upon by the Selling Shareholder, the Company and the Global Coordinator (on behalf of the Underwriters) on or before the Price Determination Date
"Offer Shares"	Placing Shares and Public Offer Shares

"Over-allotment Option"	the option to be granted by the Selling Shareholder and the Company to the Placing Underwriters, exercisable by the Global Coordinator on behalf of the Placing Underwriters, to require the Selling Shareholder to sell up to an aggregate of 6,614,000 additional H Shares, and the Company to issue up to an aggregate of 66,166,000 additional H Shares, (in the aggregate representing approximately 15% of the H Shares initially being offered under the Global Offering) solely to cover over-allotments in the Placing, at any time within 30 days from the last day for lodging of applications under the Public Offer
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"Placing"	the placing of the Placing Shares at the Offer Price pursuant to relevant conditions described in this prospectus
"Placing Shares"	436,764,000 H Shares to be offered initially at the Offer Price pursuant to the Placing together, where relevant, with any additional H Shares which may be sold and issued pursuant to the exercise of the Over-allotment Option, but subject to re-allocation as described in the section "Structure of the Global Offering" in this prospectus
"Placing Underwriters"	the underwriters of the Placing, led by the Global Coordinator, who are expected to enter into the Placing Underwriting Agreement
"Placing Underwriting Agreement"	the underwriting agreement relating to the Placing to be entered into among the Selling Shareholder, the Company, the Placing Underwriters and the Global Coordinator on or around 13 December 2004
"PRC" or "China"	the People's Republic of China; unless otherwise specified, the term "PRC" as used in this prospectus does not include Hong Kong, Macau and Taiwan
"PRC GAAP"	the accounting rules and regulations in the PRC
"PRC government" or "State"	the PRC government, including all the branch government departments (including provincial, municipal and other regional or local government authorities, and their subordinate regulatory bodies)
"Price Determination Date"	the date, expected to be on or around Monday, 13 December 2004 but no later than Thursday, 16 December 2004, on which the Offer Price is fixed for the purposes of Global Offering
"Public Offer"	the offer for subscription at the Offer Price of the Public Offer Shares by members of the public in Hong Kong, subject to the terms and conditions set out in this prospectus and the Application Forms
"Public Offer Shares"	48,530,000 H Shares to be offered initially at the Offer Price pursuant to the Public Offer, subject to reallocation as described in the section "Structure of the Global Offering" in this prospectus
"Public Offer Underwriters"	the underwriters of the Public Offer set out in the section headed "Underwriting — Public Offer Underwriters" in this prospectus

"Public Offer Underwriting Agreement"	the underwriting agreement dated 7 December 2004 relating to the Public Offer entered into among the Selling Shareholder, the Company, the Public Offer Underwriters and the Global Coordinator
"QIB(s)"	qualified institutional buyer(s) within the meaning of Rule 144A
"Regulation S"	Regulation S under the US Securities Act
"Reorganization"	the reorganization of the Company and the Group Corporation for the purpose of the listing of the H Shares on the Stock Exchange, a description of which is set out in the section headed "History and Reorganization" in this prospectus
"Rule 144A"	Rule 144A under the US Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中國國家外滙管理局)
"SAIC"	the State Administration for Industry and Commerce of the PRC (中國國家工商行政管理局)
"SASAC"	the state-owned Assets Supervision and Administration Commission of the State Council of the PRC (中國國務院國有資產監督管理委員會)
"Securities Law"	the Securities Law of the PRC (中華人民共和國證券法) enacted by the Standing Committee of the ninth NPC on 29 December 1998, and which became effective on 1 July 1999, as amended, supplemented or otherwise modified from time to time
"Selling Shareholder"	the Group Corporation (acting through the Company), which is offering the 44,120,000 H Shares and any additional H Shares pursuant to the exercise of the Over-allotment Option (subject and pursuant to the approval issued or to be issued by SASAC and the NSSFC) for sale under the Global Offering
"SETC"	the State Economic and Trade Commission of the PRC (中國國家經濟貿易委員會)
"SFC"	Securities and Futures Commission
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Stock Exchange"	Shanghai Stock Exchange, a stock exchange in the PRC
"Shares"	ordinary shares issued by the Company of RMB1.00 each, including the Domestic Shares and Foreign Investment Shares (including H Shares)

"Special Regulations"	the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定) promulgated by the State Council on 4 August 1994, as amended, supplemented or otherwise modified from time to time
"Sponsor" or "Global Coordinator"	China International Capital Corporation (Hong Kong) Limited, acting as the global coordinator, bookrunner, lead manager and sponsor of the Global Offering, which is a deemed licensed corporation to carry out the regulated activities of dealing in securities, advising on securities, advising on corporate finance and asset management under the SFO
"State Council"	the State Council of the PRC
"State Restructuring Commission"	the State Council Office for Restructuring the Economic System, PRC (中國國務院經濟體制改革辦公室) the predecessor of which was the State Commission for Restructuring the Economic System of the PRC (中國國家經濟體制改革委員會)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the member(s) of the Supervisory Committee of the Company
"Supervisory Committee"	the Supervisory Committee of the Company as established pursuant to the Company Law, the particulars of which are set out in the section headed "Directors, Supervisors, senior management and staff" in this prospectus
"Track Record Period"	the three years ended 31 December 2003 and the six months ended 30 June 2004
"Underwriters"	the Placing Underwriters and the Public Offer Underwriters, collectively
"Underwriting Agreements"	the Placing Underwriting Agreement and the Public Offer Underwriting Agreement, collectively
"US GAAP"	generally accepted accounting principles in the United States
"US Securities Act"	the U.S. Securities Act of 1933, as amended
"US" or "United States"	the United States of America
"WTO"	the World Trade Organization
"Xian Guangxin"	Xian Guangxin Electronic Co., Ltd. (西安廣信電子有限公司), a Sino-foreign joint venture established in the PRC on 8 May 1995
"Xianyang Cailian"	Xianyang Cailian Packaging Material Company Limited (咸陽彩聯包裝材料有限公司), a limited liability company established in the PRC on 15 December 2003

"Xianyang Caiqin"	Xianyang Caiqin Electronics Device Co., Ltd. (咸陽彩秦電子器件有限責任公司), a domestic joint venture enterprise established in the PRC in October 1988 and converted to a limited liability company on 24 August 2000
"Zhuhai Caizhu"	Zhuhai Caizhu Industrial Co., Ltd. (珠海彩珠實業有限公司), a state-owned enterprise established in the PRC on 20 June 1990 and converted to a limited liability company on 7 September 2004
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"US$" or "US dollars"	United States dollars, the lawful currency of the United States
"sq.m."	square meters

For the purpose of illustration only and unless otherwise specified in this prospectus, amounts denominated in RMB have been translated into HK$ at the rate of RMB1.06 = HK$1.00, and amounts denominated in US$ have been translated into HK$ at the rate of US$1.00 = HK$7.80. No representation is made that the HK$ amounts could have been, or could be, converted into US$ or RMB at such rates or at any other exchange rates.

GLOSSARY

This section contains the explanations of certain terms used in this prospectus in connection with the Company and its business. These terms and their given meanings may not correspond to standard industry meanings and usage of these terms.

"cathode ray tube" or "CRT"	a specialized vacuum tube in which images are produced when an electron beam strikes a phosphorescent surface. Cathode ray tubes are the most common type of video display. They are used in television sets and computer monitors as well as in projection televisions. Phosphor screens using multiple beams of electrons allow CRTs to display millions of colors
"CDT"	color display tube, a type of CRT used for displaying images in a computer monitor or certain other equipment
"cold maintenance"	an overhaul carried out on a glass melting furnace after the fire in the furnace has been turned off and the furnace has cooled down. Normally, a glass melting furnace can be used continuously for several years without being turned off. During cold maintenance, the furnace is reconstructed and an overhaul is also carried out on relevant production lines
"color picture tube" or "CPT"	a type of CRT used for displaying images in a television set
"CPT components"	various components and materials necessary for the production of CPTs, such as glass bulbs, electron guns, masks and frames, deflection yokes and phosphor
"deflection yoke"	a device that produces a magnetic field which deflects one or more electron beams. It is an assembly of one or more electromagnetic coils placed around the neck of a CRT. It is used in television images and in some oscilloscope tubes
"dolomite"	a white or light-colored mineral ($CaMg\ (Co_3)_2$) used in fertilizers or used as a furnace refractory or a construction or ceramic material. It is used in the manufacture of glass bulbs
"electron gun"	a device used in CRTs to generate electron beams. It typically shoots three tightly grouped electron beams. Each beam is dedicated to a type of phosphor that gives off a different color of light when struck: red, green or blue
"flat panel display" or "FPD"	a type of thin screen display devices that uses any of a number of technologies, such as liquid crystal display (LCD), plasma, and field emission display (FED)
"flat square" or "FS"	a spherical screen with radius of curvature of 1.5R(R: the equal curvature radius of external surface, 1R=1.767 x useful diagonal). Flat square is also called full square screen
"frit"	a glass powder made by quenching molten glass to a solid glass and breaking up the solid glass into powder. It can be used for sealing the panel and funnel together in CPT manufacturing

GLOSSARY

“glass bulb”	a generic name for the basic glassware of a CPT, which is comprised of panel, funnel, neck and stem. Apart from supporting and guaranteeing safety properties of the tube under vacuum status, it also acts as an insulator between the electrodes
“glass panel”	a rectangular panel which is coated with phosphor. It is also called screen. It is the core component of a CPT where the electron is converted into light and images are displayed
“inch” or “"”	a unit of length, which is equal to approximately 2.54 cm
“large sized CPTs” or “large sized CRT television”	CPTs or CRT television sets with screen size ranging from 27" to 29"
“liquid crystal display” or “LCD”	a digital flat panel display device that uses liquid crystal cells, using photo effect or thermal lightening effect of liquid. It features the principal advantages of light weight, slimness and low energy consumption
“mask” or “shadow mask”	a perforated metal sheet used in CRT that rests between the electron gun and the phosphor-coated screen to ensure that the electron beams only strike the correct phosphor dots
“medium sized CPTs” or “medium sized CRT television”	CPTs or CRT television sets with screen size ranging from 21" to 26"
“organic light emitting diodes” or “OLED”	a self-luminous display device that consists of small dots of organic polymer that emit light when charged with electricity. It is also known as organic emitting light
“phosphor”	an element that emits visible light when it is bombarded by or stimulated by electrons. ln a CRT, phosphor are coated on the inside of the screen. When the electron beam strikes the phosphor, it makes the screen glow. In a color screen, there are three phosphor arranged as dots or stripes that emit red, green and blue light
“plasma display panel” or “PDP”	a digital flat panel display device that is used for television, computer monitors and dynamic signage. It is also known as gas plasma display or plasma screen. It consists of two layers of glass surrounding cells of xenon and neon glass. Surrounding electrodes switch the cells on and off, causing them to emit light and create the picture
“projection”	a television system that employs lenses to project a video image onto a larger screen. Projection television includes rear projection and front projection
“pure flat” or “PF”	a pure flat panel, which is completely flat and produces higher quality and higher contrast pictures compared to spherical surface tubes. At present, it is the mainstream technology used in the CPT industry

"Six Sigma management"	a management philosophy developed by Motorola that emphasizes setting extremely high objectives, collecting data, and analyzing results to a fine degree as a way to reduce defects in products and services. There are two Six Sigma processes: Six Sigma DMAIC and Six Sigma DMADV, each term derived from the major steps in the process. Six Sigma DMAIC is a process that defines, measures, analyzes, improves, and controls existing processes that fall below the Six Sigma specification. Six Sigma DMADV defines, measures, analyzes, designs, and verifies new processes or products that are trying to achieve Six Sigma quality. All Six Sigma processes are executed by Six Sigma Green Belts or Six Sigma Black Belts, which are then overseen by a Six Sigma Master Black Belt
"small sized CPTs" or "small sized CRT television"	CPTs or CRT television sets with screen size below 21"
"spherical surface tube"	a CPT with spherical surface with radius of curvature of 1R (R: the equal curvature radius of external surface, 1R=1.767 x useful diagonal). It displays a picture with some distortion. It was used for older generations of CPTs
"super large sized CPTs" or "super large sized CRT television"	CPTs or CRT television sets with screen size above 30"

You should carefully consider all of the information set out in this prospectus, including the risks and uncertainties described below before making an investment in the Offer Shares. You should pay particular attention to the fact that we are a PRC company and are governed by a legal and regulatory environment that in some respects differs from what prevails in other countries. Our business, financial condition or operating results could be affected materially and adversely by any of these risks. The trading price of our H shares could decline due to any of these risks and you may lose all or part of your investment. For more information concerning the PRC and certain related matters discussed below, see Appendix VI — "Summary of Principal PRC and Hong Kong Laws and Regulations" and Appendix VII — "Summary of Articles of Association" to this prospectus.

RISKS RELATING TO THE COMPANY

There is no assurance that we will be able to maintain our competitive edge in the research and development of new products. As a result, our business development and operating results may be affected.

We are engaged in the business of manufacturing electronic products. As the industry is characterized by rapid changes due to technological advances and the variation and individualization of products, the key factors affecting the continuous growth of enterprises in this industry are the abilities to predict technology development trends, to pursue the research and development of new varieties of existing products as well as new products and to successfully launch new varieties and new products in a timely manner so as to maintain their competitive edge. Our results of operation depend on our ability to keep pace with product innovations and technological changes. If we cannot respond quickly and effectively to technological changes, our profitability will be adversely affected.

In order to ensure our long-term development, we are committed to improving our existing products, workmanship and technology, as well as the development of new products. Most of the improvement and development projects in connection with our products, workmanship and technology are undertaken by ourselves, while some of the projects are carried out in cooperation with institutions of higher education in the PRC as well as domestic and overseas enterprises. Details of our research and development projects are set out in the section headed "Business — Technical Strengths and Principal Research and Development Capabilities" in this prospectus.

Technology advances may lead to declines in prices and sales volumes for products made with existing technologies, which may cause our products to become less competitive in the market place. As a result, we may be required to make substantial investments of various resources such as capital, human resources and technology to keep pace with such development. However, we cannot assure you that we will be able to obtain all necessary resources for our research and development activities, nor that any of our research and development projects will achieve the desired results, nor that the experimental results obtained thus far will be suitable for commercial production. In addition, although we have extensive experience in the enhancement of CPT technology and workmanship, our research and development of new flat panel displays are only at an early stage, when compared to leading international enterprises in the same industry segment in terms of the possession of advanced technology, resources, research and development personnel and capital support. If we were unable to improve our existing products or develop new varieties or new products in a timely manner, or to launch our products to the market at a competitive price, we may not be able to maintain our competitive edge in the fast-changing electronic manufacturing industry or may be placed at a disadvantageous position against our competitors, thereby adversely affecting our operating results and future development.

The construction of production lines involves certain risks and, as a result, we may not be able to realize our expected production capacity in a timely manner.

We are constructing and have plans to construct several production lines and other production facilities for CPTs and CPT components, including the K Line, the H Line (which has already reached trial production), four production lines for glass panels and several production lines for other CPT components. Details of our plans for the construction of production lines are set out in "Future Plans and Use of Proceeds" in this prospectus.

The costs and time involved in the construction of the above production lines may be affected by, among other matters, the shortage in supply and/or changes in the prices of equipment or materials, the level of technology required and the sufficiency of capital for the proposed construction of production lines and other production facilities. If our plans for constructing new production lines experience delays or even cancellations due to any of the above reasons, or the ramp-up period of any of the new production lines turns out to be substantially longer than we expected, or the production capacity of any of the new production lines fails to reach the originally designed levels, or the costs involved in the construction of any of the new production lines substantially exceed our original plans, we may not be able to attain the desired production capacity in a timely manner, which may adversely affect our business operations and operating results.

If we fail to adjust our existing product mix in a timely manner in light of changes in market demand, our operations and profitability may be adversely affected.

At present, our products that have high profit margins are mainly small or medium sized CPTs, which is attributable to our higher vertical integration rates, production capacity and capacity utilization rates in our production of these CPTs. If the sales of small or medium sized CPTs substantially decline in the future due to changes in market demand, our overall profit margin will decrease accordingly. If we fail to adjust our product mix in a timely and cost-effective manner, or fail to produce products that meet the market demand, our overall profitability will be adversely affected.

Absence of land use right certificate and property title certificate in connection with a factory used for our operations may have an adverse effect on our production and operations.

As advised by our PRC legal advisers, Nanjing Reide owns a factory building (the "Property") located in Nanjing with a floor area of approximately 1,000 sq.m.. Nanjing Reide uses the Property for production of recycled phosphor. However, as Nanjing Reide is unable to obtain the land use right certificate and property title certificate for the Property, our PRC legal advisers have advised that Nanjing Reide's valid legal title to the Property cannot be confirmed. If any disputes arise in connection with the legal title of the Property, Nanjing Reide may not be able to continue to use the Property. As a result, Nanjing Reide would incur additional cost, including relocation costs (which we believe would be relatively immaterial), and its operations may be adversely affected in the event that it is evicted from the Property. According to the undertaking given by the Group Corporation, the Group Corporation has agreed to indemnify us for the actual relocation costs and other losses if Nanjing Reide is unable to continue to use the Property. In the event the Group Corporation for whatever reason fails to perform its obligations under the undertaking, we may have to enforce the undertaking by taking legal action, despite the fact that such legal action may not fully recover the full amount in respect of which the Group Corporation has provided the relevant indemnity.

Our operations may be adversely affected if the landlord of a property leased by us could not establish vested legal title to the property.

IRICO Display leases from the Administration Committee of Xian Economic and Technology Development Zone (the "Landlord") a factory building (the "Factory") located in the Export Processing Zone, Xian, Shaanxi Province, with a total gross floor area of 3,780 sq.m. for a monthly rent of RMB34,020 for a term of eight months from 30 April 2004 to 29 December 2004. This leasing arrangement is intended to be a transitional arrangement. Following completion of the construction of a factory and warehouse to be built on the site acquired by IRICO Display in the Xian Economic and Technology Development Zone (the "Acquired Site") by September 2005, IRICO Display will relocate its production facilities to the Acquired Site. As the Landlord is unable to provide the land use right certificate and the property ownership certificate for the Factory, our PRC legal advisers' opinion is that legal title to the Factory could not be verified. If the Landlord does not have valid legal title to the Factory or does not have the right to lease the Factory to us, the lease agreement would not be valid under PRC law and regulations and may not be enforceable against third parties. Accordingly, the party who has valid title to the Factory may have the right to take possession and may request IRICO Display to vacate the Factory. IRICO Display would incur additional costs, including relocation costs, and its operations may be adversely affected in the event that IRICO Display is evicted from the Factory before the completion of the construction of the factory and the warehouse at the Acquired Site. According to the undertaking given by the Group Corporation, the Group Corporation has agreed to (i) provide an alternate property to IRICO Display to ensure that its normal operations would not be disrupted if it is unable to continue to use the Factory due to any reasons and (ii) indemnify us for the actual relocation costs and other losses (which we believe would be relatively immaterial) we may incur. In the event the Group Corporation for whatever reason fails to perform its obligations under the undertaking, we may have to enforce the undertaking by taking legal action, despite the fact that such legal action may not recover the full amount in respect of which the Group Corporation has provided the relevant indemnity.

We use leased land and buildings to conduct a substantial part of our operations.

We own a certain portion of the land and properties which we use for our operations, and approximately 54% of the land and approximately 59% of the properties which we use for our operations are leased from the Group Corporation. We further lease the Factory from the Administrative Committee of Xian Economic and Technology Development Zone, a third party, for our operations, as explained above. Among our production lines and facilities, three production lines for CPTs (the production capacity of which accounted for approximately 47.5% of our total CPT production capacity as at 30 June 2004), seven production lines for glass bulbs, eight production lines for electron guns, one production line for shadow masks and certain production facilities for large scale metal parts are located on the leased land and properties. We are constructing or plan to construct two production lines for CPTs, one production line for shadow masks, one production line for electron guns and certain production facilities for large scale metal parts located on the leased land and properties. Apart from the factory leased by IRICO Display in Xian as disclosed above, all of our other leased properties, with a total gross floor area of approximately 281,233 sq.m., are leased from the Group Corporation. We have entered into premises leasing agreements and land use rights leasing agreements with the Group Corporation which include provisions pursuant to which the Group Corporation has granted to us options to purchase from it the relevant land and properties, details of which are set out in the section headed "Relationship with the Group Corporation" in this prospectus. The leasing arrangements, in effect, provide us with a long-term right to use the relevant land and properties.

Notwithstanding the above safeguards, if unforeseeable circumstances arise which render it necessary for us to move out of any of our leased land and properties on a short notice and if we are not able to immediately identify alternative land and properties appropriate for relocating our business operations, our production and business operations will be adversely affected.

Our operations depend on stability of our core personnel; if we lose the services of or fail to retain any of our core team members or to recruit well-qualified and experienced new team members, our normal business operations may be adversely affected.

The success of our operations depends to a large extent on the expertise and experience of our core team, which consists of our directors, senior management and key technical personnel. Information regarding our Directors and senior management is set out in "Directors, supervisors, senior management and staff" in this prospectus. Whether we are able to retain members of our existing core team and recruit well-qualified and experienced personnel to join our core team is one of the key factors affecting our sustainable development.

In order to attract and retain key managerial and technical personnel, we have established incentive programs, details of which are set out in the section headed "Directors, supervisors, senior management and staff" in this prospectus. We expect that the demand for senior management and technical personnel from our competitors such as other CPT manufacturers and enterprises in related industries will continue to grow. Even though we have not encountered any difficulties in attracting and retaining key personnel in the past, there is no assurance that we will not encounter such difficulties in the future. If our directors or senior management cease to participate in our management, or if we fail to attract or retain certain key personnel, the operation and growth of our business could be adversely affected.

Our intellectual property rights may be infringed upon and we may also become a party to litigation as a result of alleged infringement of other parties' intellectual property rights, either of which will adversely affect our business.

We have obtained certain patents and are in the process of making patent applications for a number of our products and technologies. Details of these are set out in Appendix VIII to this prospectus — "Statutory and General Information". Our patents and proprietary technologies are one of the key factors contributing to the success of our business. Although we have implemented internal measures to protect our intellectual property rights, there is no assurance that such measures can effectively prevent or monitor infringement. Any serious infringement upon our intellectual property rights may have a material impact on our business. In addition, our competitors may also develop their own technologies similar to ours and may file or may have already filed applications for patents or registration of other intellectual property rights in respect of such technologies. Therefore, our use of any technology similar to that of any third party may constitute infringement upon its intellectual property rights. Even though presently we have not received any claim by any third party in respect of intellectual property right infringement, there is no assurance that there will be no such claims in the future.

We have also entered into certain agreements relating to technology licensing with major technology cooperation partners. Details of these agreements are set out in the section headed "Business — Technical Strengths and Principal Research and Development Capabilities" in this prospectus. If any of these agreements was to be terminated or the terms of these agreements were changed so that we would be unable to continue to use such technologies on reasonable terms, we may have to develop on our own the related technologies or obtain similar technologies through other sources. Apart from the high cost which we may incur, there is no assurance that we will be able to develop or obtain similar technologies or develop or obtain them in a timely manner. As a result, our production may be delayed or hindered, which will have an adverse effect on our business and operating results.

We may become a party to litigation or disputes in relation to intellectual property rights as a result of any litigation or dispute initiated by us for the protection of our intellectual property rights, or any litigation or dispute against us for any alleged infringement of intellectual property rights of other parties. There is no assurance that we will prevail in litigation regarding intellectual property rights. Any judgment against us

may prevent or limit us from using the relevant technologies and our business and operations may be adversely affected. Litigation and dispute resolutions may be time-consuming and/or result in large amounts of damages, either would have an adverse effect on our operations.

Preferential tax treatments enjoyed by us will expire and may be reduced or revoked.

We, and certain of our subsidiaries, including A Share Company, IRICO Zixun, IRICO Phosphor, IRICO Shadow Mask, IRICO Display and Zhuhai Caizhu are currently entitled to preferential tax treatments. Details of the preferential treatments are set out in the section headed "Financial Information — Taxation" in this prospectus. The Directors believe that we and our related subsidiaries will continue to be entitled to the preferential tax treatments during their respective terms pursuant to the PRC approvals and regulations currently in force. However, there is no assurance that such treatments will not be reduced or completely revoked, nor that we and our related subsidiaries will, upon the expiration of the current preferential treatment periods, be entitled to other related preferential tax policies.

In addition, any higher tax imposed on us as a result of changes in the existing PRC tax laws and regulations or other judicial interpretations will have an adverse impact on our profitability.

We may be subject to unexpected risks relating to our PDP project.

We have been developing PDP related technology since 1996. We developed the 40" PDP device jointly with the Gas Electric Discharge Devices Institute of Russia from 1997 to 2001. We established an experimental production line for 40"–50" PDP in 2001 and developed the prototypes for 40" and 42" PDP panels and devices in 2002 and 2004, respectively. We currently focus on the development and design of 42" and 50" PDP panels and modules on the above mentioned experimental production line. Details of our PDP project are set out in the section headed "Business — Technical Strengths and Principal Research and Development Capabilities" in this prospectus. In 2001, 2002 and 2003 and the first six months of 2004, our research and development expenses incurred for the PDP project were RMB25,138,000, RMB8,391,000, RMB12,613,000 and RMB6,664,000, respectively.

As there is always uncertainty in research and development, there is no assurance that we will be able to develop in a timely manner cost-effective PDP technology, or that such technology will meet the required standards in order for us to build PDP production lines for our expansion into the PDP business. If our PDP research and development project fails, we will have wasted our previous investments and expenses. On the other hand, if we succeed in the research and development of the PDP project and decide to put PDP into commercial production, a significant amount of capital may need to be injected, which may have an adverse effect on our operating results during the ramp-up period of the PDP production lines. Moreover, given the intense competition from international and domestic enterprises, as well as the market dynamics of PDP devices, we cannot assure you that the production lines, when completed, will result in the launch of our PDP products in the market in a timely manner, or at all, so as to generate profits for us.

Our sales rely on major customers in the PRC, and any substantial decrease in sales to any of them could adversely affect our operating results.

Our major customers include TCL King Electrical Appliances (Huizhou) Co., Ltd. ("TCL"), Shenzhen Skyworth-RGB Electronics Co. Ltd. ("Skyworth"), Konka Group Co., Ltd. ("Konka"), Sichuan Changhong Electric Co., Ltd. ("Changhong") and Qingdao Hisense Electric Appliance Co., Ltd. ("Hisense"), which are major television set manufacturers in the PRC. For the three years ended 31 December 2001, 2002 and 2003 and the six months ended 30 June 2004, the total sales to the above major customers accounted for approximately 59.27%, 59.35%, 63.53% and 67.09%, respectively, of our total sales. We have maintained good business relationships with those customers ranging from five years to ten

years, and the Directors believe that such relationships will continue. However, if for any reason we lose one or more of these customers, or if these customers cancel or reduce their orders or lower purchase prices, and if we are unable to find other comparable customers to replace them, our sales revenue may be significantly reduced, and our operating results may be adversely affected.

Excluding CNEC, Skyworth was our second largest outside customer for the year ended 31 December 2003 and our third largest outside customer for the six months ended 30 June 2004, accounting for RMB590,662,000, or 13.8%, of our total sales for 2003, and RMB304,205,000, or 12.6%, of our total sales for the first six months of 2004. It has been reported in the news media that certain members of the management of the listed parent company of Skyworth were detained by the Independent Commission Against Corruption of Hong Kong (the "ICAC") on 30 November 2004 and some of them have subsequently been charged with misappropriation of company funds.

There is no assurance that we will be able to procure orders from other customers for all of the CPTs we would have sold to Skyworth, that the process of securing orders from other customers will be completely smooth and that the prices at which our CPTs can be sold to them will compare favorably to those at which they would have been sold to Skyworth. Accordingly, if the ICAC inquiries should have a serious, long-term negative impact on Skyworth's operations and financial condition, our business may be negatively affected.

We have certain accounts receivable due from Skyworth and inventory on consignment to Skyworth. We cannot assure you that we will be able to recover all or any of such accounts receivable or inventory. If we are unable to recover any of the accounts receivable and inventory on consignment, our total net loss would be approximately RMB18.8 million, after taking into account the related tax impact on us. As a cautionary measure, we have made a provision for the entire amount of this possible loss.

If we fail to strengthen and expand our business in overseas markets, our overall operating results could be adversely affected.

Our products entered into overseas markets in 1989. For each of the three years ended 31 December 2001, 2002 and 2003 and the six months ended June 30, 2004, the sales revenue of our CPTs sold to overseas markets through CNEC accounted for more than 10% of our total sales revenue during each of the relevant periods. We will continue to strengthen and expand our business in overseas markets. For details of our expansion in overseas markets, see the section headed "Business — Marketing and Sales" in this prospectus.

We market our products primarily through local agents on a commission basis in certain countries and regions which we believe have significant market potential but are not yet well-known to us, such as Russia and India. If we continue to rely on these agents and fail to develop local business relationships independently, it may have a negative impact on the overall expansion plan of our business in these areas. If we are unable to strengthen and expand our business in overseas markets in the future, our overall operating results could be adversely affected.

Customers in our overseas markets may need some time to familiarize themselves with our newly established import and export department. In the short term, this could affect the normal operation of our overseas business.

For each of the three years ended 31 December 2001, 2002 and 2003 and the six months ended 30 June 2004, we sold over 10% of our CPTs ever produced to CNEC, which in turn sold them to overseas markets. We established an internal import and export department ("I&E Department") in September 2004 to transact our import and export business. Although we employed the key management team and business

personnel of I&E Department who previously worked for CNEC, our overseas customers may need some time to familiarize themselves with the newly established I&E Department. Although the Directors believe that there will not be an adverse impact on our business in the long run, our operations in the short term may nevertheless be affected.

Our procurement of certain raw materials and CPT components is dependent upon certain major suppliers; any substantial disruption of supply from any of such suppliers or any substantial change in the terms of such supply may adversely affect our operating results.

For the three years ended 31 December 2001, 2002 and 2003 and the six months ended 30 June 2004, the total purchases from our top five suppliers accounted for approximately 47.72%, 48.35%, 36.57% and 39.13%, respectively, of our total purchases. We have maintained business relationships with the top five suppliers ranging from five years to over ten years, and the Directors believe that the relevant relationships will continue. However, there is no assurance that the suppliers will continue to supply raw materials or CPT components to us on existing or similar terms. If, for any reason, the supply of raw materials or CPT components from these suppliers is interrupted or the terms of supply change substantially and we cannot obtain comparable replacements in a timely manner or on comparable terms or at all, our operating results could be adversely affected.

We may be required to invest more capital for environmental protection purposes due to changes in the PRC environmental laws and regulations, thereby increasing our operating cost.

In the course of our production, we discharge certain wastes including waste water, exhaust gas, dust, noise and solid waste. We have established various internal environmental protection control and monitoring measures and obtained the ISO 14001 Certification for Environmental Management System in 1999. We have also complied with relevant environmental protection laws and regulations of the PRC in all material aspects. For details of environmental protection, see the section headed "Business — Environmental Protection" in this prospectus.

However, we cannot assure you that our existing licenses and approvals in relation to environmental protection will be extended or that no other conditions will be imposed. Nor can we assure you that no amendments will be made to the current PRC environmental laws and regulations that may require us to comply with more stringent environmental protection requirements. As a result, we may have to invest more capital to improve or enhance our existing facilities or construct new environmental protection facilities. Any of these factors may result in an increase in our operating cost and may have an adverse impact on our profitability.

Increasing competition and market fluctuations may have an adverse impact on our inventory, creditors' and debtors' turnover periods.

The Directors believe that, as of 30 June 2004, our levels of inventory and accounts receivable were satisfactory.

Any decrease in our sales as a result of the decrease in market demand or otherwise may have an adverse impact on our inventory turnover. In addition, as the competition in the color television set and CPT industry becomes more intense, we may need to extend the credit terms of payments and our recovery rate of accounts receivable may decrease. All of these factors could adversely affect our financial condition.

As of 30 June 2004, our gearing ratio (i.e. debt/assets ratio) was 19% while our provision for diminution in value of inventory and accounts receivable totalled RMB118,754,000. The Directors are of the view that the provision is in line with usual practice of the industry and is adequate at the moment.

Nevertheless, we cannot assure you that there will be no uncertainties in our future business development that may prove such provision to be insufficient, which may have a negative impact on our financial condition.

As the interests of A Share Company's minority shareholders may, in certain circumstances, be inconsistent with ours and our shareholders', such minority shareholders may withhold their approvals of, or the Shanghai Stock Exchange may not grant the necessary waivers in respect of, certain connected transactions between A Share Company and the Company (or our other subsidiaries); as a result, such transactions may not be consummated, which may adversely affect our overall operational efficiency.

A Share Company must comply with a number of PRC regulations concerning the protection of the interests of its minority shareholders. For example, according to the listing rules of the Shanghai Stock Exchange, when shareholders of A Share Company vote by poll on major connected transactions, all connected parties must abstain from voting. If we (or our other subsidiaries) enter into certain transactions with A Share Company in the future, such transactions will be regarded as connected transactions under the listing rules of the Shanghai Stock Exchange. Even though such connected transactions may be approved by our shareholders and/or waived by the Stock Exchange from strict compliance with the Listing Rules, they will still require the approval of the minority shareholders of A Share Company or waivers by the Shanghai Stock Exchange. If we are unable to obtain the approvals from the minority shareholders of A Share Company or the necessary waivers from the Shanghai Stock Exchange, such transactions cannot be implemented, which could adversely affect our overall operational efficiency.

Certain of our production resources are provided by the Group Corporation. If the Group Corporation fails to continue to provide the production resources on existing terms, our business operations may be adversely affected.

As stated in "Relationship with the Group Corporation — Independence from the Group Corporation", in light of, among other matters, the clear delineation of businesses, the non competition undertaking given by the Group Corporation and the composition of the Board with five independent Directors, we are satisfied that we can carry on our business relating to CPTs and CPT components independently from the Group Corporation. However, due to historical reasons, we have maintained a close business relationship with the Group Corporation, and we have relied, and will continue to rely, on the Group Corporation for the supply of energy and other production-related resources and non-core and general components and materials, various social and ancillary services, the lease of certain of our existing plants and land use rights, as well as trademark licenses. Details of these are set out in the section headed "Relationship with the Group Corporation — Connected Transactions" in this prospectus.

The above resources provided by the Group Corporation are important to our production operations. Among those resources, based on our existing production plan, it is anticipated that the provision of utilities will increase in the future. If, due to any unforeseeable reason in the future, one or more of these supply arrangements between the Company and the Group Corporation were to be terminated or changes unfavorable to us were to be made to the terms of these arrangements, such as any significant increase in prices, our business and operating results may be adversely affected as we may not be able to timely replace the Group Corporation with another source, or replace it upon comparable terms.

The interests of the Group Corporation as our controlling shareholder may, in certain circumstances, conflict with those of our other shareholders, and the Group Corporation could cause us to make decisions that may not be in the best interests of our other shareholders.

The Group Corporation is our controlling shareholder. Upon completion of the Global Offering, the Group Corporation will hold 75% (assuming that the Over-allotment Option is not exercised) of our total share capital. In addition, some of the members of our senior management also serve as senior executives in the Group Corporation. As a result, the Group Corporation will effectively be able to control the composition of our Board and, through the Board, exercise a significant influence over our management and corporate decisions. Subject to our Articles of Association and applicable laws, the Group Corporation may, so long as it holds more than two-thirds of our Shares, be able to approve the increase or decrease of our share capital, determine the timing and amount of our dividend payments, approve the issuance of new Shares, amend our Articles of Association, and approve mergers and acquisitions and other major transactions. The Group Corporation may also be able to prevent us from taking actions or exercising our rights under agreements to which we are a party, including the agreements we entered into with the Group Corporation in connection with the Reorganization. As some conflicts of interest may, in certain circumstances, exist between the Group Corporation and our other shareholders, the Group Corporation could prevent or delay transactions that might be desirable to other shareholders, such as takeovers or changes in our control or management. Any of such activities undertaken by the Group Corporation could have an adverse impact on our business operation.

We may not be able to obtain external financing in time or on terms acceptable to us.

The proceeds from the Global Offering will not be sufficient to fund all of our future business and investment plans described in the section headed "Future Plans and Use of Proceeds" in this prospectus. In addition, we may undertake acquisition, merger or other development plans in the future which may require additional capital. Our ability to obtain financing may be affected by a variety of uncertainties, including our future financial condition, operating results and cash flows, the overall performance of the CPT industry, our Share price and future credit rating. We may not be able to obtain external financing or credit in time or on terms acceptable to us. If we are unable to obtain sufficient funds in time, our business and operating results may be adversely affected.

We cannot guarantee that the growth of our revenues and/or profits will be sustained.

For the three years ended 31 December 2001, 2002 and 2003, our operating results have maintained strong rates of growth. Our revenues increased by approximately 21.5% from RMB3,293,021,000 in 2001 to RMB3,999,378,000 in 2002 and by approximately 6.8% from RMB3,999,378,000 in 2002 to RMB4,269,781,000 in 2003. Our net profits also increased by approximately 273% between 2001 and 2002 and by approximately 14.0% between 2002 and 2003. Our gross profit margin increased from 18% in 2001 to 23% in 2002, and from 23% in 2002 to 23.7% in 2003.

Our CPT products are considered to be commodities and the price and demand for them depend on market forces outside our control. As a result, the Directors believe that the growth rate of our operating results depends on our ability to adapt to changing market conditions. Such adaptation would include adjusting production costs and allocating production efficiently on a timely basis, and offering products that meet our customers' requirements at competitive prices. (Details of some of these factors are set out in "Financial Information" in this prospectus). Therefore, there is no assurance that the revenue and/or profit can be maintained at any particular level. If the market demand for our products decreases or competition becomes more intense, our profitability may be adversely affected.

Our payment of dividends depends on certain factors; there is no assurance that dividends will be distributed or in any particular form.

Notwithstanding our dividend policy upon listing as detailed in "Financial Information" in this prospectus, there is no assurance that dividends will be distributed or in any particular form. Whether dividends will be distributed and the amount to be distributed, if any, will depend on factors such as our profitability, financial condition, business development requirements, future prospects, cash requirements and our cash on hand.

Our historical financial information may not be an accurate indication of our future operating results.

As our business had not been separated from that of the Group Corporation prior to the Reorganization, the audited combined financial information during the three years ended 31 December 2001, 2002 and 2003, respectively, set out in Appendix I to this prospectus includes some of the operating results of the businesses retained by the Group Corporation after the Reorganization. Therefore, such historical financial information should not be taken as the basis for an accurate prediction of our future operating results.

Our interests in our subsidiaries may be diluted.

Currently, we are holding controlling interests or substantial interests in ten subsidiaries including A Share Company which is listed on the Shanghai Stock Exchange. If it becomes necessary in the future for these subsidiaries to increase their registered capital or issue equity-linked securities such as new shares or convertible bonds, and if such capital increase or securities issues are not on a pro rata basis to the existing shareholders, our interests in those subsidiaries may be diluted.

There may be changes to the use of proceeds and we may not be able to carry out our future plans.

The business and investment plans described in the section headed "Future Plans and Use of Proceeds" in this prospectus are based on our current estimates and there is no assurance that we will be able to successfully implement the development plans as intended in the fast changing and intensely competitive CPT industry. In case of any unforeseen event which would result in our inability to apply the proceeds of the Global Offering as intended, the Directors will carefully evaluate the situation and may re-allocate the intended funding to our future plans and/or new projects and/or to hold such funds as short-term deposits for so long as the Directors consider to be in our best interests.

Our insurance coverage may not be sufficient to cover all the risks related to our operations.

Although we have not experienced major accidents in the course of our operations which have caused significant property damage and/or personal injuries, there is no assurance that we will not experience major accidents in the future. Although we have purchased the necessary insurance, including policies covering loss and damage in respect of fixed assets, which the Directors believe to be the insurance that is customary to our industry, the occurrence of any event or series of events such as an earthquake, war or flood, and the consequences resulting from them, may not be covered adequately or at all, by the insurance policies which we currently have. We also face exposure to product liability claims in the event that any of our products is alleged to have caused property damage, bodily injury or other adverse effects. Losses incurred or payments we may be required to make may have a material adverse effect on our operating results if such losses or payments are not fully insured.

RISKS RELATING TO THE INDUSTRY

We face intense competition from domestic and international competitors. If we are unable to maintain or improve our competitiveness, our operating results and profitability may be adversely affected.

The Directors believe that the CPT industry involves substantial capital investment, advanced technologies, sophisticated production facilities, a long period for recovery of invested capital and high exit barriers. Therefore, fixed costs in the CPT industry are relatively high and unit cost should be controlled and reduced through efficient and large-scale production. Controlling production cost and improving production efficiency are the key factors for the development and competitiveness of this industry, and they are also the challenges encountered by the enterprises in this industry.

General competition in the production of CPTs is intense and is characterized by rapid technological advances, price declines and competition from domestic and international competitors. We are therefore operating in a competitive environment and our business will be harmed if we cannot compete successfully. We believe that the principal competitive factors in our targeted markets are product quality, pricing, functionality, performance and reliability, successful and timely development of new products, general economic conditions, and most important of all, production cost and production efficiency as mentioned above. If we are unable to compete successfully with our competitors and/or to effectively control our cost of production as well as our production efficiency, our profitability could be adversely affected.

If the demand of the CPT market decreases, our business and profitability may be adversely affected.

The CPT is the core part of a CRT television set. Therefore the market demand for CPTs to a great extent depends on the market demand for CRT television sets. The Directors believe that the demand for small and medium sized color television sets will remain relatively stable while the demand for super large sized CRT color televisions will grow rapidly. However, there can be no assurance that the CPT market will continue to grow or even remain at the same level. If the growth in this sector slows by reason of, among others, an acceleration in the market acceptance of new display devices, our business and profitability may be adversely affected.

Decreases in the prices of color television sets may have downward adjustment pressure on CPT prices.

Since 1996, all color television set manufacturers in China have lowered or even substantially lowered the selling prices of their products due to over-production. As a result, the profit margins of the color television set industry have decreased. As the CPT industry is the upstream industry of the color television set industry, the selling prices of CPTs also decreased. The Directors believe that the declining trend in the prices of color television sets has stabilized and any further decline in their prices will not have a material impact on our profitability. However, if such decline should turn out to be greater than what we expect, it may have a material adverse impact on our operating results.

The market potential of new display devices poses a challenge to the traditional CPT industry.

Globally, the high-end television industry is currently at the beginning of a fast growing period. The Directors expect that there will be greater potential for the development of new display devices such as LCD and PDP. With further upgrades in their technologies and improvement in their functions, as well as a decrease in their prices, consumers will more readily accept these new display devices and their market

share may gradually increase. All these factors may adversely affect the sales volumes and gross profit margins of the traditional CRT television set industry as well as those of CPT manufacturers such as our Company.

Any substantial increase in the prices of, or significant shortage in the supply of, raw materials and CPT components will have an adverse effect on the business and operating results of CPT manufacturers.

Prices of raw materials will be affected by changes in the demands of domestic and international markets. In recent years, the prices of certain raw materials used in the production of CPTs have increased. Any substantial increase in the prices of such raw materials may adversely affect the profit margin of the enterprises in this industry. In addition, although we produce most of our CPT components internally, we do purchase some CPT components from independent suppliers. Any substantial increases in the prices of CPT components or any shortage in the supply of such components will have a negative impact on our operations and profitability.

So far, we have not experienced any significant shortage or interruption of supply of raw materials or CPT components. However, we cannot assure you that it would not happen in the future.

Any anti-dumping and/or other protective trade barriers relating to CPTs or CRT television sets may have an adverse effect on the overseas sales of CPT manufacturers in China and, indirectly, on their CPT sales to Chinese CRT television set manufacturers that export their products.

In 1999, the European Union initiated legal actions against CPT manufacturers in Lithuania, India, Malaysia, Korea and China. It was finally held that the plaintiffs in these cases had suffered no losses and our CPT Plant therefore was not required to pay any anti-dumping penalties, even though it was determined that our CPT Plant had engaged in dumping activities. The cases did not adversely affected our business. Since then, we have not been aware of any similar anti-dumping litigation in connection with CPTs.

On 13 April 2004, the United States Department of Commerce announced its final determination that certain color television set producers/exporters had sold CRT television sets with CPTs over 21" in the United States market at less than fair values, with dumping margins ranging from 4.35% to 78.45%. Such Chinese CRT television set manufacturers include Changhong, TCL, Konka, Haier and Hisense, which are our major customers. Subsequently, on 14 May 2004, the United States International Trade Commission (“ITC”) determined that a U.S. industry is being materially injured by reason of imports of certain color television sets from China. As a result of ITC’s affirmative decision, the United States Department of Commerce issued an anti-dumping order with margins up to 78.45% on imports of these color television sets from China with effect from 3 June 2004. Consequently, the exports by Chinese color television set manufacturers of their products to the United States will be hindered directly and this could have certain indirect adverse effects on Chinese CPT manufacturers, especially on those manufacturers who produce CPTs with sizes over 21".

The Directors do not believe that the United States anti-dumping order will have a significant impact on our business, because we generate approximately 60% of our sales from CPTs that are 21" or smaller, which will not be affected by the dumping margin. Our CPTs that are over 21" in size, which constitute about 40% of our sales, are sold both in the domestic Chinese market and other foreign countries besides the United States. We estimate that only a small portion of our CPTs over 21" are used for television sets that are exported to the United States.

Any additional anti-dumping measures and/or other protective trade barriers, such as the increase of tariffs, imposition of import quotas or technical barriers, which may be imposed on CPTs or CRT television sets may have an adverse effect on the overseas sales of CPTs manufactured in China.

RISKS RELATING TO CHINA

All of our assets are located in China and substantially all of our revenues are derived from our operations in China. Accordingly, our operating results, financial condition and prospects are subject, to a significant extent, to the economic, political and legal developments in China.

The PRC's economic, political and social conditions, as well as government policies, could affect our business.

The PRC economy differs from the economies of most developed countries in many respects, including:

- extent of government involvement;
- level of development;
- growth rate;
- control of foreign exchange; and
- allocation of resources.

While the PRC economy has experienced significant growth in the past twenty years, growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Even though we believe that the economic reforms and macro-economic policies and measures implemented by the PRC government will have a positive effect on the economic development of China and we may also benefit from some of these policies and measures, some policies aimed at benefiting the overall economy of China may adversely affect our operating results and financial situation; for example, the change in monetary policy of the PRC government or in tax regulations.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years, the PRC government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industry policies. It also exercises significant control over PRC economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

Any economic slowdown in China may have a material adverse effect on our financial condition and operating results, as well as our future prospects.

We conduct most of our business and generate most of our revenues in China. As a result, the economic conditions in China have a significant effect on our financial condition and operating results, as well as our future prospects. Since 1978, China has been one of the world's fastest growing economies in

terms of gross domestic product. There is no assurance, however, that such growth will be sustained in the future. Moreover, the recent slowdown in the economies of the United States, the European Union and certain Asian countries may adversely affect economic growth in China. It is possible that our financial condition and operating results, as well as our future prospects, could be adversely affected by an economic downturn in China.

Government control of currency conversion may adversely affect our financial condition and operating results.

Under China's existing foreign exchange regulations, following the listing of the H Shares on the Stock Exchange we are able to pay dividends to the holders of H Shares in foreign currencies, without prior approval from the SAFE, by complying with certain procedural requirements. However, there is no assurance that the PRC government will not take measures in future to restrict access to foreign currencies for current account transactions (including but not limited to payment of dividends).

Fluctuation of the Renminbi exchange rates and the movement of the interest rates of domestic banks towards meeting market conditions could adversely affect our operating results.

The conversion of Renminbi into HK dollars and other foreign currencies fluctuates and is subject to various factors such as changes in PRC political and economic conditions. Since 1994, the conversion of Renminbi into foreign currencies, including HK dollars and US dollars, has been based on rates set by PBOC, which are set daily based on the previous day's interbank foreign exchange market rates of PBOC and with reference to the prevailing foreign exchange rates of the international financial market. Since 1994, the official exchange rate for the conversion of Renminbi to US dollars has generally been stable. Any devaluation of the Renminbi, however, may adversely affect the value of, and dividends, if any, payable on, our H Shares in foreign currency terms and the cost of import of raw materials and components, since we will receive all of our revenues, and express our profits, in Renminbi. On the other hand, appreciation in the value of Renminbi against other foreign currencies may adversely affect our export business. Our financial condition and operating results may be affected by the changes in the value of certain foreign currencies relative to Renminbi.

Tax benefits may be discontinued due to China's accession to the WTO.

China became a member of the WTO on 11 December 2001. On accession to the WTO, previous tax treatment and subsidies granted by the PRC government for exports from China may be regarded as unfair treatment to the other members of the WTO. Therefore, the tax and other preferential benefits currently enjoyed by domestic enterprises may be discontinued. If as a result we were required to pay the original national rate of income tax or disentitled to any financial subsidies, our profitability will be adversely affected.

Interpretation of PRC laws and regulation embodies uncertainties that may impair our business and operating results.

We are incorporated under the laws of the PRC and are governed by our Articles of Association. The PRC legal system is based on written statutes. While prior court decisions may be cited for reference, they are not binding on subsequent cases and have limited precedential value. Since 1979, the PRC government has promulgated a number of laws and regulations dealing with such economic matters as foreign investment, corporate organization and governance, commerce, taxation and trade in an attempt to develop a comprehensive commercial law system. However, the legal system of China has not been well-developed. Implementation of any existing laws or the performance of contracts in accordance with their terms in China may involve uncertainties. Judgments of other jurisdictions may not be enforced in a prompt and fair

manner or are hard to enforce. Since there is only a limited number of published cases in China, the result of litigation is more difficult to predict. In addition, government policies in response to political changes in China may affect the interpretation of laws and regulations.

RISKS RELATING TO H SHARES AND TO THE REORGANIZATION

Holders of our H shares may not be able to successfully enforce their shareholders' rights in China under the Company Law of the PRC or Hong Kong regulatory provisions.

As we conduct our business in the PRC, our operations are governed principally by the laws and regulations of the PRC. As a PRC company offering and the listing H shares outside the PRC, we are subject to the Special Regulations and the Mandatory Provisions. Upon the listing of H shares on the Stock Exchange, the Listing Rules of the Stock Exchange will also become one of the main sources for the protection of shareholders' rights. The Listing Rules impose certain standards of conduct, fairness and disclosure on us, our Directors and our controlling shareholder.

The legal framework to which we are subject may be materially different from the Company Ordinance of Hong Kong in relation to, for example, the protection of minority shareholders. In addition, the mechanisms for enforcement of shareholders' rights under the corporate framework within the PRC legal system to which we are subject are also relatively undeveloped and untested compared to those in Hong Kong. In China, without the authorization of the Company, shareholders do not have the right to sue the directors, supervisors, officers or other shareholders on behalf of the corporation to enforce a claim against such party or parties which the corporation has itself failed to enforce.

Although we will be subject to the Listing Rules and the Hong Kong Codes on Takeovers and Mergers and Share Repurchases upon the listing of our H Shares on the Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Hong Kong Codes on Takeovers and Mergers and Share Repurchases do not have the force of law and provide only standards of commercial conduct considered acceptable for takeover and merger transactions and share repurchases in Hong Kong.

China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with countries such as the United States, the United Kingdom and Japan, and therefore the recognition and enforcement in China of judgments of a court in any of these jurisdictions may be difficult or impossible. Our Articles of Association and the Listing Rules provide that most disputes between holders of H Shares and us, our Directors, Supervisors or other officers or holders of Domestic Shares, arising out of our Articles of Association or the Company Law of the PRC and related regulations concerning the affairs of our Company or with respect to the transfer of our H Shares, are to be resolved through arbitration by arbitration organizations in Hong Kong or China. On 21 June 1999, an arrangement was made between Hong Kong and China for the reciprocal enforcement of arbitral awards. This new arrangement was approved by the Supreme People's Court of China and the Hong Kong Legislative Council, and became effective on 1 February 2000. The arrangement was made in accordance with the spirit of the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958. Under the arrangement, awards that are made by Chinese arbitral authorities recognized under the Arbitration Ordinance of Hong Kong can be enforced in Hong Kong. Hong Kong arbitration awards are also enforceable in China. So far as we are aware, no action has been brought in China by any holder of foreign investment shares issued by any joint stock company established in the PRC with limited liability (such as the H Shares to be issued by the Company) to enforce an arbitral award that is made by Chinese arbitral authorities or Hong Kong arbitral authorities and, as such, we are uncertain as to the outcome of any action brought in China to enforce an arbitral award made in Hong Kong in favor of shareholders.

There can be no assurance of an active trading market for H Shares, and the Offer Price for H Shares may not be indicative of prices that will prevail in the trading market.

Prior to the Global Offering, there has been no public market for H Shares. There can be no assurance that an active trading market for H Shares will develop or be sustained upon completion of the Global Offering. The Offer Price for H Shares will be determined by negotiations between us and the Global Coordinator, China International Capital Corporation (Hong Kong) Limited, (on behalf of the Underwriters) and may not be indicative of prices that will prevail in the trading market and may bear no relationship to the market price for H Shares after the Global Offering. Investors may not be able to resell their shares at the Offer Price or a higher price. Volatility in the price of our Shares may be caused by factors beyond our control and may be unrelated to the results of our operations.

Existing shareholders' interests in the Company may be diluted as a result of future equity fund raising.

We may need to raise additional funds in the future to finance new developments relating to our existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities other than on a pro rata basis to our existing shareholders, the percentage ownership of our shareholders may be diluted and such securities may have preferred rights, options and pre-emptive rights senior to H Shares.

Holders of H Shares may be subject to PRC taxation.

Under the PRC's current tax laws, regulations and requirements, dividends paid by us to the holders of H Shares outside the PRC are currently exempted from PRC income tax. In addition, gains realized by individuals or enterprises upon the sale or other disposition of H Shares are currently exempted from PRC income tax. If the exemptions are withdrawn in the future, the holders of H Shares may be required to pay withholding taxes on dividends, which are imposed currently at the rate of 20%, or enterprise income tax or individual income tax on the gains obtained from the disposal of H Shares, which currently may be imposed at the rate of 20%.

As a newly established independent entity, our management has no prior experience in operating an independent company listed on the Stock Exchange, which may have an adverse effect on our operations.

As part of the Reorganization, we were established as a joint stock limited company on 10 September 2004. Since then, we have separated from the Group Corporation and become an independent entity. Although our management is familiar with the day-to-day operations and management of the Company, they have no prior experience in operating a company listed on the Stock Exchange. Therefore, our management may need to make some adaptations to adjust to this change.

OTHER RISKS

Any possible outbreak of severe acute respiratory syndrome or any other serious epidemic in China may have a material adverse effect on our business operations and operating results.

From December 2002 to June 2003, China and certain other countries experienced an outbreak of a new and highly contagious form of atypical pneumonia now known as severe acute respiratory syndrome or SARS. On 5 July 2003, the World Health Organization declared that SARS had been contained. While the outbreak of SARS or any other epidemic may increase the usage of televisions, an outbreak in the future may require us to quarantine our employees or implement other quarantine measures in our plants or

suspension of production and, as a result, our overall operation and operating results would be affected. Furthermore, the outbreak of SARS or any other serious epidemic would likely restrict the level of economic activities in affected areas, which would also impair our business and operating results.

Forward-looking statements may not be accurate and investors should not place undue reliance on statements of this kind.

Included in this prospectus are various forward-looking statements which include the use of forward-looking terminologies such as "may", "will", "expect", "intend", "anticipate", "plan", "estimate", "continue", "believe" or similar words. We have made forward-looking statements with respect to, among other things:

- the prospects of our company;
- our business plans, goals and development strategies;
- the development trends of the CPT industry and the prospects of market;
- our dividend distribution plans;
- any capital expenditure plans, particularly plans enhancing our production capacity in CPTs and key CPT components; and
- our profit forecast set forth in the section headed "Financial Information — Profit Forecast"

These statements are forward-looking and reflect our current expectations. They are based on the beliefs of our management subject to a number of risks and uncertainties out of our control, including, but not limited to, changes in the economic and political environment in the Asian region, technological development and changes in the market.

Furthermore, these forward-looking statements merely reflect our current view with respect to future events and are not a guarantee of future performances. Actual results may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set out in section headed "Risk Factors" in this prospectus and the following:

- the effects of competition on the demand for and the prices of our products;
- the development of new display devices affecting our current and future business;
- changes in political, economic, legal and social conditions in China, including the PRC government's specific policies with respect to foreign investment in the electronic manufacturing industry, economic growth, inflation, foreign exchange and the availability of credit; and
- changes in population growth and GDP growth and the impact of those changes on the demand for our products.

We do not intend to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Because of these risks, uncertainties or assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information.

Certain information prepared on the basis of unaudited data and assumptions embodies uncertainties and investors should not place undue reliance on them.

In order to provide potential investors with an alternative method to evaluate our business performance, this prospectus contains certain unaudited data and other data based on various assumptions. Although we have exercised reasonable care in the reproduction of the above data, potential investors who read such data, including, without limitation, our turnover and profitability of various operating assets during the Track Record Period prior to their actual transfer from the Group Corporation to us (as set out in the section headed "Financial Information — Management's Discussion and Analysis of Financial Condition and Results of Operations" in this prospectus), the unaudited pro forma consolidated results (as set out in Appendix II to this prospectus) and our production capacity (as set out in the section headed "Business" in this prospectus), should bear in mind that these figures are inherently subject to uncertainties and contingencies and would likely vary should a full audit be conducted or any or all of the assumptions do not materialise.

Certain statistics derived from official publications, PRC government agencies and various publicly available industry related sources may not be true and accurate and investors should not place undue reliance on them.

Certain statistics relating to the display industry and display technology set out in the sections headed "Summary", "Industry Overview", "Business" and "Financial Information" in this prospectus are extracted from various official publications, PRC government agencies and various publicly available industry related sources that we believe to be reliable. However, we cannot guarantee the quality or reliability of such source materials. While our Directors have taken reasonable care in the reproduction of the information, they have not been prepared or independently verified by us, the Selling Shareholder, the Global Coordinator, the Sponsor or the Underwriters or any of our or their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts or statistics.

Changes to Hong Kong accounting standards may result in changes in the future as to how our results and financial position are prepared and presented.

The accountants' report set out in Appendix I to this prospectus has been prepared in accordance with accounting principles generally accepted in Hong Kong and complies with statements of standard accounting practice ("SSAPs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The HKICPA has announced, as part of its programme to converge with International Financial Reporting Standards, a number of new Hong Kong Financial Reporting Standards ("HKFRS") and revised Hong Kong Accounting Standards ("HKAS"), herein collectively referred to as HKFRSs.

The HKICPA released the first batch of converged HKAS in March 2004, incorporating revisions to existing SSAPs based on the equivalent revisions to International Accounting Standards as part of their improvement project. It also released new standards on financial instruments, share-based payment business combinations, insurance contracts and non-current assets held for sale and discontinued operations in the second and third quarters of 2004. These HKFRSs are effective for accounting periods beginning on or after 1 January 2005.

The HKICPA issued a series of exposure drafts in June 2004 to revise the remaining SSAPs currently in force. These exposure drafts are intended to take effect for accounting periods beginning on or after 1 January 2005.

These announced and proposed changes in HKFRSs may result in changes in the future as to how our results and financial position are prepared and presented.